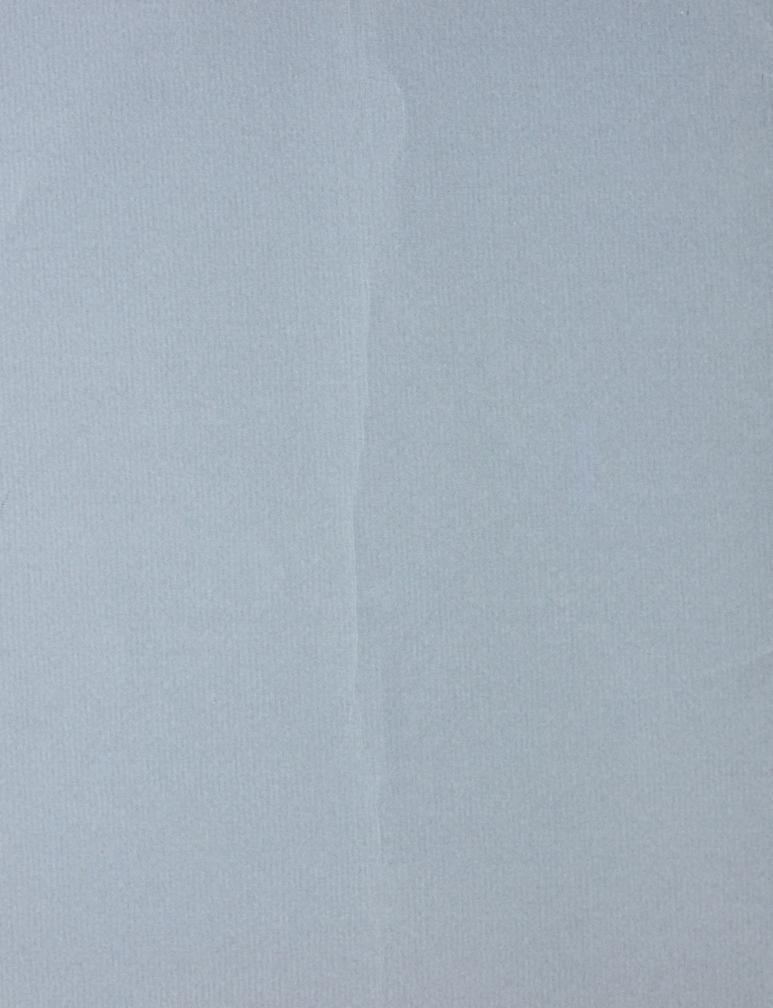
AND SUBSIDIARIES

1966 ANNUAL REPORT



DOLLAR LAND CORPORATION LIMITED

8 King St. E. - Toronto 1, Ontario T e l e p h o n e : 3 6 3 - 5 0 8 6 CABLES: COTANKOOS, TORONTO

Directors

H. J. S. French, O.B.E., B.C.L. Elliot N. Yarmon
S. Joseph Tankoos, Jr.
The Hon. Walter Harris, Q.C.
Peter Wright, Q.C.
Anthony G. S. Griffin

Auditors

Snyder, Craig & Co.

Transfer Agent and Registrar

Eastern & Chartered Trust Company, Toronto, Canada.

Digitized by the Internet Archive in 2024 with funding from University of Alberta Library

DIRECTORS" REPORT TO THE SHAREHOLDERS

The affairs and properties of your Company have been the subject of impartial special reports made by Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants of London, England, and Messrs. Edward Erdman & Co., of London, England, on the companies making up the Dollar Land Group. A copy of such reports dated October 6, 1967 which has been made available to many of the shareholders of your Company by your Company's parent Company, Dollar Land Holdings Limited, is available for inspection at your Company's offices at 8 King Street East, Toronto 1, Ontario.

An ordinary resolution is being proposed at the Annual General Meeting of your Company's parent Company, Dollar Land Holdings Limited, to be held in London, England on December 21, 1967, in the following terms:

"That the Reports to the Directors dated 6th October, 1967, by Messrs. Edward Erdman & Co. and Messrs. Peat, Marwick, Mitchell & Co. be and they are hereby adopted and that the Directors be and they are hereby authorised to implement the recommendations contained therein."

If such resolution is passed, it is the intention of your Board of Directors to give the fullest cooperation of your Company in implementing the above mentioned recommendations.

Messrs. Snyder, Craig & Co. have indicated that they do not wish to be reappointed as auditors, and the name of Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, of Toronto, Ontario, will be submitted as auditors in their place.

On March 21, 1967, Mr. H. T. Nicholson, Chairman of the Board of your Company's parent Company, Dollar Land Holdings Limited, became a director of your Company. On November 27, 1967, Mr. S. Joseph Tankoos, Jr. and Mr. Elliot N. Yarmon resigned as officers and directors of your Company. I was appointed President of your Company to succeed Mr. Yarmon, and Messrs. J. H. Potts and V. M. Seabrook became directors of your Company to fill the vacancies on the Board.

On behalf of the Board of Directors.

Peter Wright

Toronto, Canada. December 5th, 1967.

President

DIRECTORS" MEPORT '10 THE MILLER CHARLES

The affairs and property made by Mesers. Plant, Markets training to the second of mountains appeals reports made by Mesers. Plant, Markets training to the Co., Chartered Accommission of London, England, and Markets training to the Co., of London, England, on the commission without worth training to the Co., of London, England, on the commission with the Co., of London, A copy of the shared dated O courses 1917 and the mase made available to many of the shared loss of the course or the commission of the company's parent Company, Dollar Land Mighting London, and the Markets at your Commission of the Santa Mighting Market Land Santa Market Land Mighting Market Land Mighting Market Land Mighting Market Land Mighting Mighting Mighting Mighting Table Land Mighting Mighting Mighting Mighting Table Land Mighting Mighti

An ordinary resultion is being proposed at the valual forces; and Meeting of your Company's parent Company, Summer and Schlinge property as he hald in tondon, England on Decomber 11, 1 of an art ordinary to the last of the second of the sec

That the Reports to the Directors cated on Councer, one by Mesers. Edward Erdman & Co. on the long of the Mitchell & Co. on and they are never original and that the Directors be and they are never color-lated in the planness the necommunications occurred to the recommunications occurred to the recommunications.

If such revolution is passed, if is the intention of your form of financiars in the following of the store that cooperation of your Consumers in its store of the store thanks and the store of the store

Merces, dayder, Craig & Co. neve and mineral trapped on the company of the compan

On Massa 21, 1927, Mr. It. T. Humanan or hard manner included and a distance of the Small and a distance is an included a standard of the stan

Or behalf of the Beard of Directors,

Marin Weight

Toronto, Canada, December 5th, 1967

SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

330 BAY STREET

TORONTO

To the Shareholders of

DOLLAR LAND CORPORATION LIMITED.

Toronto, Canada.

We have examined the Consolidated Balance Sheet of Dollar Land Corporation Limited as at December 31st, 1966, the Consolidated Statements of Profit and Loss and Retained Earnings for the year ended on that date, and the Notes to the Consolidated Financial Statements.

Our examination of accounts and records was of Dollar Land Corporation Limited only and included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts and records of U.S. subsidiaries and of all but one of the Canadian tenancies in common were examined by other independent public accountants. The assets of U.S. subsidiaries and the investment in tenancies in common examined by other independent public accountants constitute 60% of the related consolidated figures.

In our opinion, based on our examination and on the reports of the other independent public accountants, the Financial Statements of Dollar Land Corporation Limited and of its U.S. subsidiaries have been properly consolidated in the attached Consolidated Financial Statements so as to present fairly the financial position of the Company and its U.S. subsidiaries as at December 31st, 1966 and the results of their operations for the year ended on that date. The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year.

Chartered Accountants.

Augder, braig lo.

Toronto, Canada, June 10th. 1967.

SHYDER CRAIG = CO.

CHARTERED ACCOUNTANTS

TRANSPORTED THE

DTMOROT

To the Shareholders of

DULIAN LAWN CORPORATION LIMITED.

AbanaO . DenetaT

Porgonation limited as at December Slat, 1966, the Consolidated Statements of the Consolidated Statements for the year anded on that date, and the Motes to the Consolidated Financial Statements.

Our practical laws absorbe and accounts and records was of Dollar land accounts the forced that indicated a procedure of accounting procedures and accounting evidence as accounting evidence as accounting evidence as accounts and records of U.S. advantage of U.S. automates and of all but one of the Canadian temporals at comes were considered by other independent public accountants. The second of U.S. advantages and the independent public accountant in tenancies in common examined by other independent public accountant forces and the conscitute 60% of the related conscitated figures.

the other independent public accommunie, the Financial Statements of lotter land to other independent public accommunies, the Financial Statements of lotter land Corporation Limited and of its U.S. emboldiaries have been properly conscillated Financial Statements so as to process fairly the financial position of the Company and the U.S. substitution as at Incendent Statement land the year anged on that date. The Consolidated Financial Statements have been propered in accordance with constant conspical accounting principles applied on a basis constance with that of the

Supper, being 160.

Charteness Accommission La.

CONSOLIDATE

Decembe

(With comparati

A	S	S	E	T	S

ADSEIS		
	1966	1965
CURRENT	\$	\$
Cash	393,074	267,889
Certificates of deposits	151,769	225,816
Note receivable	514,930	61,830
Accounts receivable	014,000	01,000
Rentals receivable and expenses		
recoverable from tenants and agents	125,677	173,422
Miscellaneous	23,878	11,622
Accrued overage rentals	310,559	327,679
Prepaid expenses	16,140	14,792
Real estate tax deposits held by mortgagees	45,125	60,146
near estate tax deposits herd by mortgagees		
	1,581,152	1,143,196
INVESTMENTS		
Shares of associated companies	18,322	18,834
Bonds of associated companies	400,000	400,000
Advances to associated companies	34,453	39,197
Joint ventures and tenancies in common (Notes 2 to 5 inc.)		1,847,123*
	2,220,405	2,305,154
FIXED		
Land, at cost	9,326,328	9,324,370
Buildings, equipment and miscellaneous, at cost,		
less accumulated depreciation of \$1,703,395		
(1965 - \$1,394,287) (Notes 6 to 10 inc. and 25)	32,667,750	32,871,802
	41,994,078	42,196,172
OTHER ASSETS		
Advanced to Dollar Land Holdings Limited	105,000	_ 4
Note receivable, non-current	-	448,943
Tenants' deposits, contra	30,622	25,269
Miscellaneous deposits	13,662	4,166
Cash reserve fund held by a trustee	56,250	41,250
oabit reserve rand herd by a trabtoo	205,534	519,628
Alleman manage	200,004	313,020
DEFERRED EXPENSES	045 076	077 070
Unamortized leasing expenses	245,916	233,272
Unamortized mortgage expenses	213,242	237,372
Deferred expansion costs (Note 11)	244,847	110,393
Miscellaneous deferred expenses	17,157	18,033
Incorporation and organization expenses	112,875	129,432
	834,037	728,502
	46,835,206	46,892,652

Approved on behalf of the Board.

. Reut h: Manin Director.

* Figures restated for purposes as per Note Consolidated Stateme and Loss.

ORATION LIMITED DIARIES

ALANCE SHEET

lst, 1966

figures for 1965)

Ilgures for 1965)		
LIABILITIES	1966	1965
CURRENT	\$	\$
Bank loans, unsecured Accounts payable and accrued liabilities	905,192 613,890	897,886 295,483
Debenture interest Dollar Land Holdings Limited - payable and accrued Minority interest - accrued	710,171 6,360	221,395 6,308
	2,235,613	1,421,072
NON-CURRENT 7½% Debentures due 1990 held by Dollar Land Holdings Limited (Notes 12 and 13) Minority interest 7% Debentures due 1990 Mortgages payable (Note 14) Tenants' deposits, contra	5,697,510 138,865 557,800 31,370,623 30,622 37,795,420	5,697,510 138,865 557,800 31,906,569 25,269
DEFERRED CREDITS	37,795,420	38,326,013
Deferred income Deferred income taxes (Notes 15 and 16) Deferred credit arising on debenture exchange (Note 13)	22,167 151,230 980,825 1,154,222	25,409 151,230 980,825 1,157,464
CONTINGENCIES AND COMMITMENTS (Notes 17 to 23 inc.)		
SHAREHOLDERS' EQUIT	Y	
CAPITAL		
Authorized: 900,000 Shares without par value, not to exceed in the aggregate \$8,100,000		
Issued: 442,500 Shares	4,424,901	4,424,901
DEFICIT		
Balance, end of year	(<u>55,897</u>)	305,354* 4,730,255
UNREALIZED FOREIGN EXCHANGE SURPLUS	2,000,001	
Balance arising on conversion of accounts of U.S. subsidiaries (Note 24)	1,280,947	1,257,848
THE NOTES ATTACHED FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.	46,835,206	46,892,652
Submitted with our Report to the	e Shareholders	

Submitted with our Report to the Shareholders dated June 10th, 1967.

mparative), of Profit

Chartered Accountants



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended December 31st, 1966
(With comparative figures for 1965)

INCOME FROM INVESTMENTS IN REAL ESTATE	1966 \$	1965 \$
Wholly owned properties Rents and expense recoveries Operating expenses	4,937,763 1,895,437	4,863,860 1,773,425
Net income before mortgage interest and depreciation	3,042,326	3,090,435
Mortgage interest Depreciation and amortization provisions	1,644,634 309,824 1,954,458	1,422,661 298,326 1,720,987
Net income	1,087,868	1,369,448
Tenancies in common and joint ventures Share of net operating income Dividends and interest	9,906 19,452	109,268(b) 10,384(b)
Total	1,117,226	1,489,100
EXPENSE		
Interest on debentures - parent company - minority interest Other interest and miscellaneous financial expenses Administration	484,237 50,848 278,914 317,858 1,131,857	484,307 50,850 472,594 272,495 1,280,246
NET PROFIT/(LOSS) FOR THE YEAR	(14,631)	208,854(b)

- NOTES (a) No provision for income taxes has been made in the above statement (See notes 15 and 16)
 - (b) Adjustments to the accounts resulting in a decrease in income of \$18,168 in respect of the previous year have been made above for comparative purposes.



CONSOLIDATED STATEMENT OF DEFICIT

For the year ended December 31st, 1966 (With comparative figures for 1965)

	1966 \$	1965 \$
Balance, beginning of year	305,354*	210,788
Net profit/(loss) for the year	(14,631)	× 208,854*)
Gain/(loss) on disposal of real estate		72,837
Costs of proposed corporate reorganization	34,746	-
Cost of property appraisal	27,853	enci
Dividend paid	-	170,362
Adjustment to valuation of shares in associated companies	512	16,112
Adjustment of prior years' taxes	996	651
Balance, end of year, at debit	(_55,897)	305,354*

^{*} Figures restated for comparative purposes as per Note (b), Consolidated Statement of Profit and Loss.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st. 1966

SUBSIDIARY COMPANIES

1. The Consolidated Financial Statements include the accounts of Dollar Land Corporation Limited and its United States subsidiaries, County Dollar Corporation, Nassau Dollar Corporation, Atlas Center Inc., Dollar Service Corporation, and Dollar Land Corporation Limited (U.S.).

JOINT VENTURES AND TENANCIES IN COMMON

IN CANADA - \$488,449

2. The investment in Canada consists of separate one-third interests as tenant in common in fourteen freehold and two leasehold properties and a one-half interest in another leasehold property.

(See note 20 - Commitments)

IN THE U.S.A. - \$1,279,181 (U.S. \$1,186,518)

- 3. The investment in the United States is held by a U.S. subsidiary, Dollar Land Corporation Limited (U.S.) and consists of the following:
 - (a) Undivided one-third interests, as a tenant in common, in four fee title properties and one leasehold property and one-third of an undivided 15% interest in another leasehold property. (Note 4)
 - (b) A one-half interest in a partnership which holds a leasehold property. (Note 5)
 - (c) An undivided one-quarter interest in a joint venture which holds a leasehold property.
 - (d) A one-half interest in a partnership which owns fee title and leasehold properties.

(See notes 21 and 22 - Commitments)

- 4. Subsequent to the year end arrangements were completed whereby full ownership is to be acquired in two of the fee title properties mentioned in Note 3 (a) above in exchange for the interest in the remaining properties mentioned in Note 3 (a). The amount of the profit or loss on the exchange and wind-up of operations under the joint venture agreements has not yet been determined.
- 5. In addition, subsequent to the year end, the leasehold mentioned in Note 5(b) was sold and a profit of approximately U.S. \$150,000 is expected to be realized on the wind-up of operations of the partnership.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 1966

FIXED ASSETS

- 6. Gimbel Brothers, Inc. has an option to purchase the premises occupied by it at Cross County Center, Yonkers, N.Y., for U.S. \$4,000,000 less depreciation at two percent per annum from February 1st, 1966 to the date of closing of title plus the balance owing on store fixtures amounting at January 31st, 1967 to approximately U.S. \$165,000. The said balance is being reduced through additional rental charges, the charge for 1966 being approximately U.S. \$93,000
- 7. The cost of buildings is being depreciated on a 5% sinking fund basis as follows:

Cross County Center, Yonkers, N.Y., over a 45 year life, (except one building costing U.S. \$30,000 which is being depreciated on a straight-line basis over a 30 year life).

Hempstead, N.Y., over a 30 year life.

Southgate Shopping Centre, Chilliwack, B.C., over a 45 year life.

All other buildings in Canada over a 60 year life.

Under the sinking fund method the annual charge for depreciation will increase each year due to the compound interest factor, and in later years will be substantially greater than the charge for the current year. Other depreciable assets in the U.S. are being depreciated on a straight-line basis over their anticipated useful lives and in Canada at rates prescribed for tax purposes on a declining balance basis.

- 8. Under the agreements securing the mortgage on a property in Montreal, P.Q. an undivided one-half interest in the property must be delivered to the mortgagee when the first of the following events occurs:
 - (a) When the mortgagor becomes entitled to a discharge of the trust deed securing the mortgage.
 - (b) When the trustee becomes bound to enforce the security under the trust deed.
 - (c) On January 11th, 1987.

Provision for the delivery of the undivided one-half interest is being made on a $6\frac{1}{2}\%$ sinking fund basis over a term of 22 years and 11 months.

9. Real estate taxes on Cross County Center have been recorded and paid on the basis of the amounts assessed by the City of Yonkers, New York. County Dollar Corporation is maintaining tax review proceedings with a view to obtaining a reduction in the current assessed valuation and a consequent reduction in the real estate taxes for the years 1960 to date.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 1966

PROPERTY INVESTMENT AND FINANCING FEES

10. Amounts paid or payable to Tankoos Yarmon Limited or Messrs. Tankoos and Yarmon for salaries, office expenses for maintaining an office for the company in Toronto, Canada, real estate consultants' fees and fees for arranging capital financing for the years 1961 to 1966 totalled \$788,649. Of this amount, real estate consultants' fees for services in connection with the acquisition of or investment in properties and fees in arranging capital financing totalling \$628,357 have been capitalized as follows:

	Property Investments	Capital Financing
	\$	\$
1963 - 4 1965 1966	159,546 240,038 91,750	137,023
	491,334	137,023

The above-noted amounts paid or payable exclude leasing commissions paid to Tankoos Yarmon Limited which are being amortized over the terms of the respective leases and also exclude management agents' fees based on local rates paid to Tankoos Yarmon Limited on some five properties which are directly under their detailed administration as a matter of convenience instead of through other local agents.

DEFERRED EXPANSION COSTS

11. An expansion program for the Cross County Shopping Center was commenced in 1963. The engineering and architectural work has been halted and will not be resumed until a definite financing commitment has been finalized. As of December 31st, 1966, the costs incurred in connection with the plan total \$244,847 and appear as a deferred expense on the Balance Sheet.

7½% DEBENTURES DUE 1990

12. Under the indenture agreement for the $7\frac{1}{2}\%$ debentures, County Dollar Corporation is required to make annual sinking fund payments beginning in 1971. The debentures are redeemable on any interest payment date (January 15th or July 15th), in whole or in part, at 105% in 1967 and at declining rates thereafter.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 1966

13. Under the terms of a debenture exchange in 1962, holders of County Dollar Corporation 7½% debentures, other than Dollar Land Corporation Limited, have the option up to within one year of maturity in 1990 of re-exchanging their debentures for debentures of Dollar Land Corporation Limited on a basis of \$100 principal amount of Dollar Land Corporation Limited debentures for each U.S. \$90 principal amount of County Dollar Corporation debentures held by them. In the event that no re-exchanges are requested by the date specified, then the deferred credit of \$980,825 will become a realized profit and may be transferred to retained earnings.

MORTGAGES PAYABLE

14. A table showing principal payments due in 1967 and subsequent years is given below.

	Total	Amortization	Maturities
	\$	\$	\$
1967 1968 1969	3,807,541 806,837 853,912	582,541 806,837 853,912	3,225,000*
1970 1971 1972–1998	1,643,502 1,126,263 23,132,568 31,370,623	862,813 865,626 19,664,965 23,636,694	780,689 260,637 3,467,603 7,733,929

^{*} This mortgage may be extended to 1969.

DEFERRED U.S. FEDERAL INCOME TAXES

15. Depreciation is being claimed on a straight-line basis for U.S. federal income tax purposes. This has created losses for tax purposes of approximately U.S. \$105,000 for 1962, \$270,000 for 1963, \$269,000 for 1964, \$297,300 for 1965, and \$817,000 for 1966 which may be utilized to reduce taxable profits in the five years succeeding that in which the loss occurred. Depreciation claimed for tax purposes exceeded that recorded in the accounts at December 31st, 1966 by approximately U.S. \$1,893,300 against which a provision for deferred income taxes of U.S. \$147,350 has been made. An actual requirement cannot be determined at present and, subject to review annually, provision has been made at normal rates of tax in effect on profits in those years in which such profits were recorded.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st. 1966

COMMITMENTS, GUARANTEES AND CONTINGENCIES

IN THE U.S.A.

- 21. Counsel has advised that the joint venture referred to in Note 3 (c) is presently involved in litigation with the architects and original contractor. The owners have filed suit for alleged damages in the sum of U.S. \$5,000,000 against the architects and contractor who have filed mechanics liens against the property in the aggregate of approximately U.S. \$1,000,000. No provision has been made in the Financial Statements for any possible liability in connection with the litigation and counsel is unable to express an opinion as to its outcome.
- 22. With respect to the above joint venture, the following guarantees have been given by U.S. subsidiaries:
 - (a) County Dollar Corporation, to the extent of 25% thereof, has guaranteed payments under a contract to construct a six story building adjacent to the existing building and to complete the tenant improvements and any other work necessary in the existing building. Total costs under the contract are estimated at U.S. \$2,750,000.
 - (b) Dollar Land Corporation Limited (U.S.) has guaranteed 25% of a bank loan, such guarantee being limited to the sum of \$250,000.
- 23. On February 10th, 1966, County Dollar Corporation entered into a contract to purchase for \$42,000, the beds of any streets shown on a specified map within the periphery of Cross County Shopping Center. The seller refused to close title and an action has been brought to compel specific performance and for other relief.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 1966

UNREALIZED SURPLUS ON CONVERSION OF ACCOUNTS OF UNITED STATES SUBSIDIARTES

- 24. The consolidated accounts of the United States subsidiary have been converted to Canadian funds for purposes of consolidation on the following basis:
 - (a) Current assets and current liabilities at a rate current at December 31st. 1966.
 - (b) Fixed assets and mortgages payable at a "standard" rate of $107\frac{1}{2}\%$.
 - (c) Investments and deferred income tax provisions, at average rates for the years in which such were acquired or provided.
 - (d) Deferred charges, other assets and other liabilities at rates current at the end of the years in which such were acquired or incurred.
 - (e) $7\frac{1}{2}\%$ debentures payable and capital stock issued at the rate current when such were issued.
 - (f) Revenues and expenses at an average rate for the year 1966.

In 1965 a change of accounting method was made in converting fixed assets and mortgages payable in U.S. dollars from the rate current at the date of acquisition or assumption to a "standard" rate of $107\frac{1}{2}\%$. The "standard" rate adopted closely approximates the current rate that has prevailed for the past several years. The unrealized surplus on conversion now approximates the difference resulting from the continued conversion of the parent company's original investment in the capital stock and debentures of its U.S. subsidiary at an acquisition rate of 95 1/8%.

TRANSACTION SUBSEQUENT TO DECEMBER 31ST, 1966

25. On January 17th, 1967, the property at 515-525 Chaplin Crescent, Toronto, was sold and leased back from the purchaser for a term of twenty years at a rental of \$194,334 per annum. The leases are subject to renewal for two additional terms of 25 years each at a rental of \$136,000 per annum during the first renewal term and, during the second renewal term, at a per annum rental equal to 7% of the value of the land but not less than \$136,000 per annum. The loss on the sale of the property amounted to \$344,220 exclusive of any valuation that may be placed on the leasehold interest or on fixtures acquired at the time of the property acquisition and which remain with the company.

DESCRIPTION OF STREET, STREET,

TO RECEIVE IN THE PARTY OF THE

reject gaterally self to but to the bound to seemed to be a self-bound of

- to there are a re-mirable faith heren has abute toward (a)
- DEVIL On ayon "bestmark" of the statement of the section of the section bearing the
- (a) Introduced a contract of the property of the property of the standard of t
- description of the self-restriction of the self-restri
 - Section with add to second while Interest this occupy developed the fat)
 - and I have the this year account on the name of the content (2)

plant later paterness of the control of the control

THE RESIDENCE OF PROPERTY AND ADDRESS OF THE PARTY OF THE

In the second of the control of the second o



